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To: Mr. Hiram H. Bernstein

Of: U.S. PATENT AND TRADEMARK OFFICE

Recipient's Facsimile No.: 703-308-6916

From: William H. Mandir

Date: November 8, 1996

Time: 12:00 noon

Re: 1996 CHANGES TO PATENT PRACTICE

Your Ref:

Our Ref: 90003000

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November 8, 1996

VIA FACSIMILE

Mr. Hiram H. Bernstein
 Office of Assistant
 Commissioner of Patents
 Washington, D.C. 20231

Re: 1996 Changes to Patent Practice
 and Procedure
61 F.R. 49820 (September 23, 1996)

Dear Mr. Bernstein,

I am a Partner of the law firm of Sughrue, Mion, Zinn, Macpeak & Seas, and am responsible for managing our maintenance fee department.

I am writing in support of the proposed change to 37 C.F.R. § 1.28(c). However, in light of two recent District Court decisions, it would appear that additional changes need to be made to 37 C.F.R. § 1.28(c), as well as to 37 C.F.R. §§ 1.366(b), 1.378, and 1.317. These additional changes would be made merely to clarify the intent and policy of the United States Patent and Trademark Office (PTO) in the application of 37 C.F.R. § 1.28(c), and would not constitute any substantive change to the rules.

The two recent District Court decisions I am referring to are:

- (1) *Haden Schweitzer Corp. v. Arthur B. Myr Industries, Inc.*, 36 U.S.P.Q.2d 1020 (E.D. Mich 1995); and
- (2) *DH Technology Inc. v. Synergstex International Inc.*, C-92-3307 (N. Calif. 1996), which is

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discussed in BNA's P.T.C.J., Vol. 52, page 696
(October 24, 1996).

In *Haden Schweitzer Corp.*, *supra*, a small entity maintenance fee was paid on a patent which claimed small entity status. Subsequently, it was discovered that the patent was not entitled to small entity status, and thus the maintenance fee should have been paid as a large entity. A notification under 37 C.F.R. § 1.28(c) was filed to correct the same, and the PTO accepted the late payment. However, the District Court held that under 37 C.F.R. §§ 1.366(b) and 1.378, the patent "expired" when the maintenance fee was incorrectly paid as a small entity, thereby creating intervening rights under 35 U.S.C. § 41.

This holding appears to be inconsistent with the PTO's intent and policy, as evidenced by MPEP § 509.03, which states in pertinent part that:

A maintenance fee improperly paid as a small entity will be treated as a matter under 37 CFR 1.28(c) and will not be considered to involve expiration of the patent under 37 CFR 1.378. (Emphasis added)

Thus, I believe the above-statement in the MPEP should be included in both 37 C.F.R. §§ 1.28(c) and 1.378 to clarify the intent and policy of the PTO.

In this regard, I believe that 37 C.F.R. § 1.366(b) needs to be changed to clarify that payment of a maintenance fee as a small entity instead of as a large entity does not constitute a failure to pay the maintenance fee. Currently, 37 C.F.R. § 1.366(b) may raise some confusion in this regard, as this rule states that:

Payment of less than the required amount...will not constitute payment of a maintenance fee....

Again, this change to 37 C.F.R. § 1.366 would merely be made to clarify the intent and policy of the PTO, as I understand it.

In *DH Technology Inc.*, *supra*, a small entity issue fee was paid on an application which claimed small entity status. Subsequently, it was discovered that the patent was not entitled to small entity status, and thus the issue fee should have been paid as a large entity. The Patentee argued that it could still correct its erroneous payment under 37 C.F.R. § 1.28(c). However, the District Court held that the patent went "abandoned" when the issue fee was incorrectly paid as a small entity, and the correction was not timely sought within the period specified in 37 C.F.R. § 1.317.

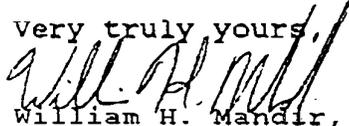
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I believe that the District Court's holding is contrary to the intent and policy of the PTO in promulgating 37 C.F.R. § 1.28(c), as evidenced by MPEP § 509.03. Thus, 37 C.F.R. §§ 1.28(c) and 1.317 should also cross-reference each other so that it is clear that there is no time limit for correcting payment of the issue fee as a small entity, rather than as a large entity.

If you have questions, please do not hesitate to contact me.

Very truly yours,



William H. Mandir, Esq.

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